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COURSE MATERIALS

FOR

PROBLEMS IN CORPORATE FINANCE

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Faculty of Law

Spring 1973

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PROBLEMS IN CORPORATE FINANCE

COURSE OUTLINE

1973

2:10 to 4:00 P.M.
Wednesday
or
3:10 to 5:00 P.M.
Thursday

CLASS 1 **Introduction** — Jan. 3 or 4

A general outline of the course followed by a general discussion of the various types of securities which may be issued by a corporation and the use of such securities in various corporate financing plans.

CLASS 2 **Share Capital** — Jan. 10 or 11

An analysis of the nature and use of common and preference share issues as a form of corporate financing, including the attributes and optional conditions of preference shares, the corporate action required to issue shares, share purchase agreements, and a consideration of applicable provisions of the Income Tax Act relating to common and preference shares.

CLASSES 3 and 4 **Debt Financing** — Jan. 17 and 24 or 18 and 25

A consideration of borrowing powers of corporations; bank credit arrangements, including bank credit agreements, assignment of accounts receivable to banks and Bank Act security and other forms of security given to banks; individual and inter-corporate guarantees; discussion of role of Industrial Development Bank, Canada Development Corporation, Ontario Development Corporations, and other governmental lending institutions; unsecured debt, including the nature of and rights of a holder of such debt, an examination of the type of covenants contained in the purchase

agreement or trust deed such as negative pledge covenants and other restrictions on corporate borrowing; intercorporate guarantees and convertibility features of unsecured debt financings; the floating charge and the usual form of debenture relating thereto; applicable legislation governing trust deeds, provisions of the trust deed relating to restrictive covenants, subordination of junior debt, priorities, redemption, purchase, and sinking fund; the nature of first mortgage bond financings together with an examination of the salient features of such financings including required corporate action, the fixed charge on corporate assets, serial bonds, and bondholders' meetings.

CLASS 5 <u>Hybrid Securities</u> — Jan. 31 or Feb. 1

A consideration of those types of securities which have both debt and equity attributes: convertible debentures, convertible preferred stock, income debentures, rights and warrants and options to purchase shares, including an examination of anti-dilution provisions in the instruments creating such securities.

CLASSES 6, 7 and 8 <u>Some Private or Closely-Held Corporation Problems</u> — Feb. 7, 14 and 21 or 8, 15 and 22

A study of some of the basic questions relating to the formation of a private or closely-held corporation including problems concerning valuation of a business enterprise, the purchase by the corpor-

ation of its initial assets and applicable tax considerations, preparation of the incorporating instruments and other relevant documents; and an analysis of control techniques used in dealing with corporate control, including restrictions on the transfer of shares, cumulative voting, trust agreements, shareholders' agreements, buy-sell arrangements, dead-lock-breaking provisions and special charter provisions.

LASSES 9 and 10 <u>Financing the Corporation -- Non-Public Offerings</u> Mar. 7 and 14 or 8 and 15

An investigation and study of the methods of raising capital from private sources -- both government agencies and private institutions, including banks and corporate investing institutions; a study of the Securities Act of Ontario provisions affecting the private placement of corporate securities; a study of the documents commonly used in these types of financings such as the corporate bank resolution, bank credit agreement, debenture purchase agreement, fiscal agency agreement, information memorandum in a private placement, Forms 9 and 11 under the Securities Act of Ontario dealing with exempt purchasers and private placement reports, respectively.

LASSES 11 and 12 <u>Financing the Corporation -- Public Offerings</u> Mar. 21 and 28 or 22 and 29

A general study of the roles of the underwriter, lawyer and auditor in the offering of securities to the public; a brief consideration of the provisions of the Securities Act of Ontario relating to the registration and

filing of prospectuses; a study of the underwriting agreement and other agreements related to the financing; corporate action required in connection with the public issue of securities; the functions of the transfer agent and registrar of corporate shares; the filing of documents and otherwise complying with the requirements of other provincial securities commissions; and documents exchanged on closing a public financing.

CLASSES 13, 14 and 15 — <u>Corporate Reorganizations and Combinations</u> — Apr. 4, 11 and 18 or 5, 12 and 19

A study of reorganizations of the corporation involving an increase, decrease or reclassification of share capital, limitations imposed thereon by legislation and security instruments and also a study of compromises and arrangements; a consideration of the various procedures to effect corporate combinations including take-over bids, sale of assets, sale of shares, merger or amalgamation, and an examination of the relevant provisions of the Business Corporations Act , Securities Act of Ontario and the Income Tax Act relating to such combinations and the required corporate action with respect to such combinations.

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Finance and Business Administration in Canada by C.C. Potter, Prentice-Hall of Canada Ltd., Scarborough, 1966.

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V THEORETICAL WORKS AND ESSAYS - UNITED STATES

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